



POWERING POSSIBILITY

## CAPITAL MARKETS DAY 2021

Sustainable Growth and Impact  
Just Transition

Sustainable Growth and Impact Strategy Overview  
(Mxolisi Mgojo, CEO)



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# Our business philosophy | Who we are



**Powering  
Better Lives  
in Africa  
and Beyond**

**PURPOSE**



Resources  
Powering a  
Clean World

**VISION**



Empowered to  
Grow and Contribute;  
Teamwork; Committed  
to Excellence;  
Honest Responsibility

**VALUES**



Responsible;  
Adaptable; Diverse;  
Open and  
Connected;  
Ownership

**CULTURE**

# Forces shaping our strategy

## Implications of acceleration to a net zero economy



### Climate Change

Climate change increases competition with communities for scarce resources like water, while factors such as growing heat increases risk of safety and health incidents in our operations



### Energy Transition

The growth in disruptive technology in the energy sector has potential to displace our business in the medium to long term



### Just Transition

The transition towards a low carbon economy has significant socio-economic implications for our business and the communities we operate in

**NARROWING OPPORTUNITY AND GROWING EXOGENOUS RISK**

# The transition imperative

## Stewardship

Our coal assets do not belong to us, we are stewards for responsibly maximising their value. We have a responsibility to use the coal assets to build a sustainable business for our investors, employees, communities and a sustainable future for the planet.

## Three choices for our future

As an operator of a carbon-intensive coal asset, Exxaro has several options available to it considering a carbon-constrained future:  
**Divest, Close or Manage**



01

Divest

Solves the problem of Exxaro's emissions, but doesn't solve the problem for the climate



02

Close

Solves the emissions problem, but doesn't solve the challenge of abruptly disrupting the lives of thousands of people in local communities where coal provides livelihoods



03

Manage

Responsibly optimise the coal business  
Reposition business to capture transition opportunities  
Prioritise Just Transition for workers and communities

# Our response | Sustainable growth and impact strategy

Strengthening our resilience and ensure we deliver sustainable value through a robust portfolio in a low carbon economy

## Early value coal to maximise our high-quality assets



Continue to contribute to energy security in South Africa and beyond.

Decarbonising will further strengthen our existing competitive advantage and extend the horizon of our coal business.

## Build a leading global renewable energy solutions business by 2030



Own one of South Africa's leading managers of renewable assets and one of its largest wind asset bases.

Strategy underpinned by four interdependent pillars: M&A, UG, DG, Services.

Long-term stability to Exxaro's cashflow.

## Diversify into minerals supporting a low carbon future



Diversify earnings and contribute to Exxaro's growth.

Clearly-defined investment criteria that looks to ensure we invest in the right opportunities within geographies we can execute in.

Balance sheet and capabilities provide a competitive advantage.

## Sustainable impact is at the core of our purpose and future



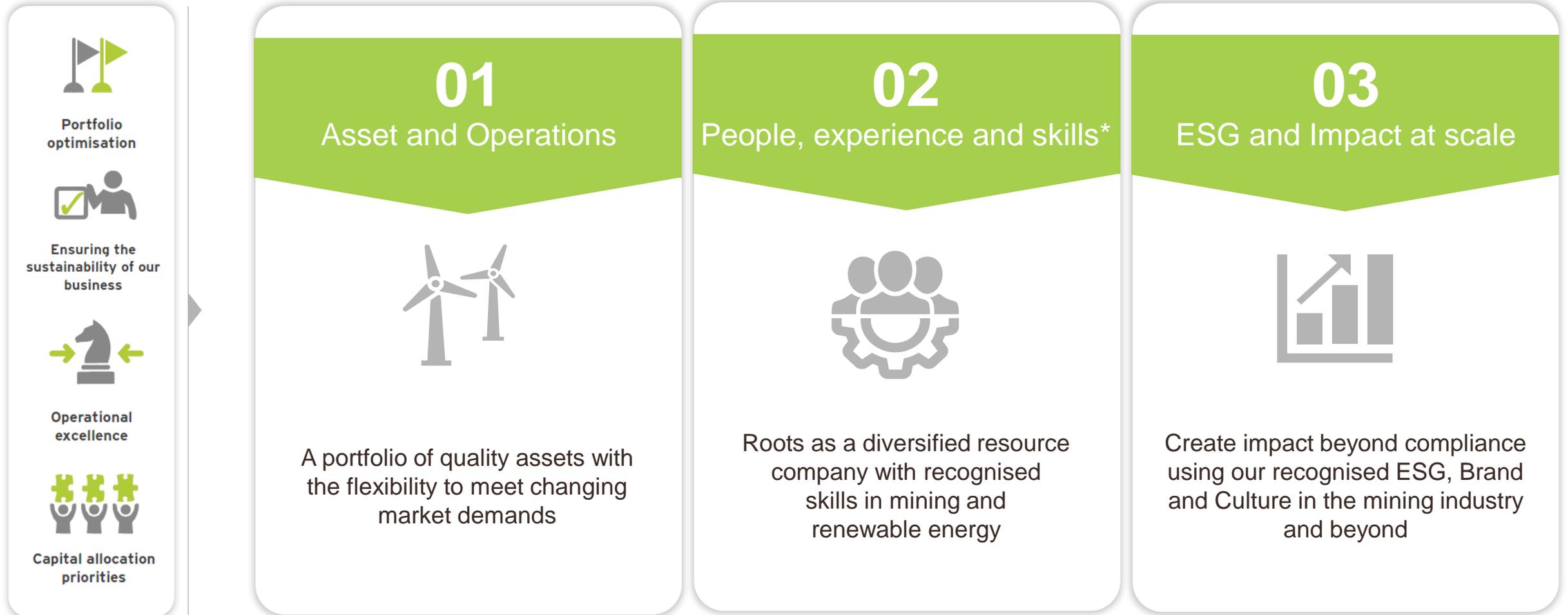
Commitment to invest in and support the resilience of society in the Just Transition.

Remain a responsible custodian of the assets entrusted to us, as evidenced in our ESG performance.

Balancing acceptable value distribution to shareholders with investment for the long term for all stakeholders.

# Strategy builds on previous objectives and current capabilities

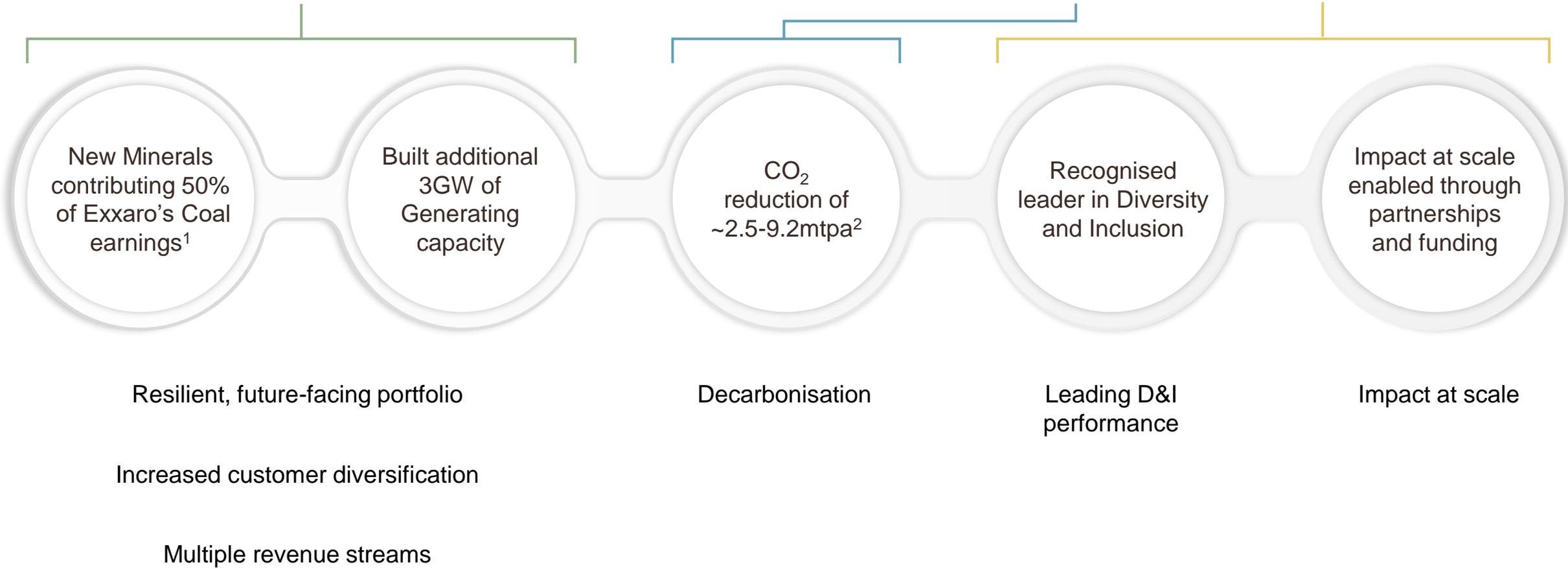
We are well positioned to continue delivering value to all our stakeholders



*\*As with any growth strategy new capabilities will be required (foresight, M&A), some of these capabilities have been addressed in the Minerals and Energy sections*

# Strengthening our resilience over the next in 5-10 years

## RESOURCES POWERING A CLEAN WORLD

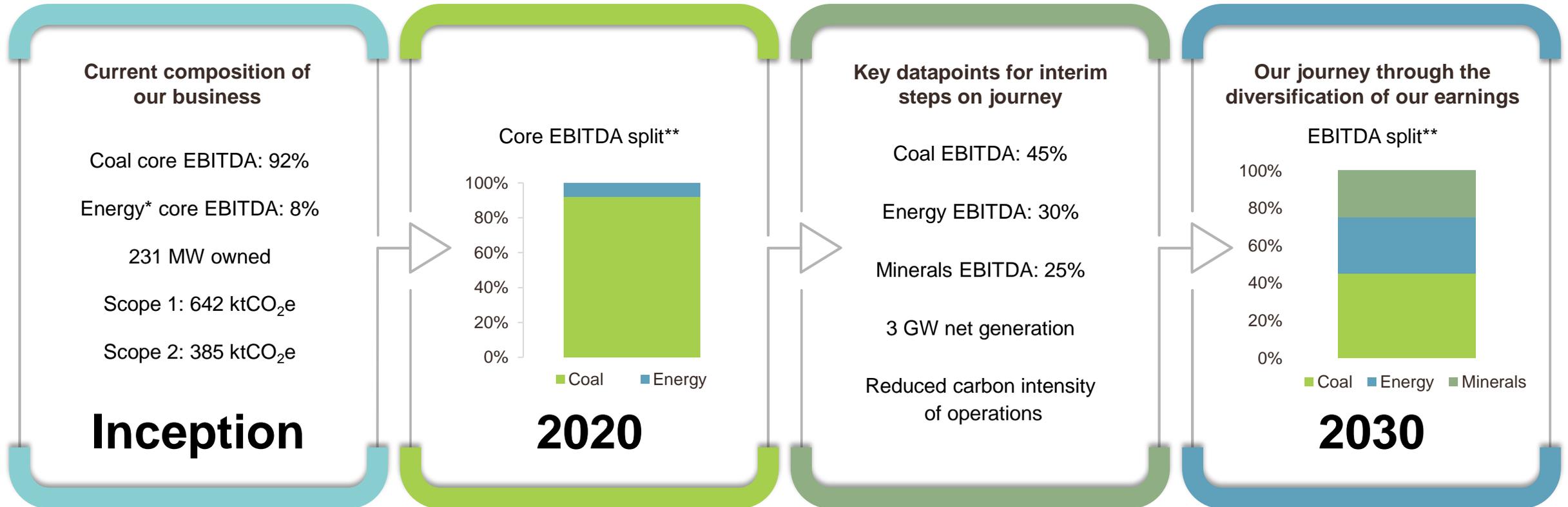


<sup>1</sup> 50% of 2021 Coal Earnings

<sup>2</sup> Current Exxaro emissions ±1000ktpa per annum

# Our vision of a resilient resources company

Exxaro's journey will maximise our capabilities to significantly reduce portfolio risk and deliver long-term value



\* Included for nine months from step-up acquisition on 1 April 2020

\*\* Excluding Ferrous and Other segments

# Exxaro's investment thesis

Exxaro is one of South Africa's largest and foremost black-empowered and diversified resources companies, with strong organic prospects in coal and acquisitive growth prospects in energy and minerals.

## Efficiently balancing shareholder returns and future investments

Strong balance sheet with conservative capital structure: **Net debt/EBITDA ratio of lower than 1.5x excl. project finance**

Established disciplined three pillar platform for growth: **Coal, Energy and Minerals**

Strategic priorities are progressed within a robust investment framework:  
**Maximising risk-adjusted returns across portfolio**

## Clear commitment on capital distribution

Stable cash flow underpins prudent capital allocation: **Robust coal portfolio with strong cash flow generation**

Robust and clear dividend policy with uninterrupted distributions since inception (2006): **Cover ratio of 2.5-3.5x adjusted group earnings and pass-through of SIOC dividend**

## A competitive, resilient and future-facing portfolio

A diversified portfolio of **best-in-class long life assets** underpinning transition to low carbon economy

Remain a responsible custodian of the assets entrusted to us: **market-leading ESG performance, active policy participation**

**Solid leadership credentials**, and operational excellence to achieve company objectives

Continue to use innovation in response to social challenges through **impact investing**